

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7802

BILL NUMBER: SB 433

NOTE PREPARED: Mar 4, 2003

BILL AMENDED: Feb 27, 2003

SUBJECT: Appraisal Fraud Funding.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR: Rep. Mahern

BILL STATUS: As Passed - Senate

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Real Estate Appraiser Licensure and Certification Board to recommend a new fee to be imposed upon licensed or certified appraisers to fund the investigation of real estate or appraisal fraud. The bill also establishes the Investigative Fund, to be jointly administered by the Attorney General and the Professional Licensing Agency.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) This bill would require the Attorney General and Professional Licensing Agency to investigate and take enforcement action against real estate and appraisal fraud using resources from the Investigative Fund, which this bill establishes. The Real Estate Appraiser Certification Board (Board) would be required to submit recommendations to the Real Estate Commission (Commission) regarding the annual fee and rules to be established for the Investigative Fund. The bill would also allow the Attorney General and Professional Licensing Agency to hire additional staff to carry out the investigations and pay the staff with money from the Fund.

If additional meetings are required of the Board or Commission, additional expenses for mileage and per diem would be incurred. The cost for one meeting of the Board is \$710 and the cost for one meeting of the Commission is \$1,160, if all members attend.

Explanation of State Revenues: (Revised) This bill establishes the Investigative Fund for the purpose of investigating appraisal fraud. The Fund is to be administered by the Attorney General and Professional Licensing Agency, and expenses of the Fund shall be paid from the Fund. Revenue from an annual fee imposed upon licensed or certified appraisers, real estate brokers, and salespersons will be deposited in the

Fund. Only money in the Fund that exceeds \$500,000 after payment of claims and expenses may revert to the State General Fund at the end of the fiscal year, and it is continually appropriated to the Attorney General and Professional Licensing Agency for use in conducting investigations of appraisal fraud. The two agencies must divide the money in the Fund equally.

According to the Professional Licensing Agency, there were about 2,000 licensed or certified appraisers and about 1,000 appraiser trainees as of October 2002. It is provided in statute that a fee established by the Real Estate Commission may not be less than \$50. Assuming that 3,000 appraisers would pay an additional \$50 fee, approximately \$150,000 of additional revenue to the Commission would be deposited in the Investigative Fund.

Background - The Real Estate Commission received approximately \$185,000 in fee revenue from appraiser licensure and certification in FY 2002. Currently, appraisers are charged \$100 for a license issued in an even year, or \$75 for one issued in an odd year. Appraisers pay \$100 to renew a license

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General, Professional Licensing Agency.

Local Agencies Affected:

Information Sources: Professional Licensing Agency.

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